SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 2001
Commission file number 0-1375

FARMER BROS. CO.

California	95-0725980
State of Incorporation	Federal ID Number
20333 S. Normandie Avenue, Torrance, California	90502
Registrant's Address	Zip

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.
YES [X] NO [ ]

Number of shares of Common Stock outstanding: 1,926,414 as of March 31, 2001.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements (Dollars in thousands, except per share data)

FARMER BROS. CO.
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	For the three months ended March 31,		For the nine months ended March 31,	
	2001	2000	2001	2000
Net sales	$ 54,814	$ 56,354	$164,624	$165,725
Cost of goods sold	18,401	18,124	57,277	61,822
	36,413	38,230	107,347	103,903
Selling expense	21,310	21,053	62,544	61,213
General and administrative expenses	3,221	3,264	8,699	7,469
	24,531	24,317	71,243	68,682
Income from operations	11,882	13,913	36,104	35,221
Other income:				
Dividend income	770	719	2,274	1,988

Interest income	3,204	2,604	9,404	7,258
Other, net	331	253	997	362
	4,305	3,576	12,675	9,608
Income before taxes	16,187	17,489	48,779	44,829
Income taxes	6,394	7,125	19,268	18,061
Income before cumulative effect of accounting change	9,793	10,364	29,511	26,768
Cumulative effect of accounting change, net of income taxes	-	-	(310)	-
Net income	$ 9,793	$ 10,364	$ 29,201	$ 26,768
Income per common share:				
Before cumulative effect of accounting change	$5.32	$5.60	$16.02	$14.37
Cumulative effect of accounting change	-	-	(.17)	-
Net income per share	$5.32	$5.60	$15.85	$14.37
Weighted average shares outstanding	1,843,497	1,848,350	1,842,868	1,863,035
Dividends declared per common share	$0.80	$0.75	$2.40	$2.25

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2001	June 30, 2000
Current assets:		
Cash and cash equivalents	$ 5,930	$ 15,504
Short term investments	249,687	114,346
Accounts and notes receivable, net	16,678	18,494
Inventories	35,606	36,770
Income tax receivable	1,340	1,340
Deferred income taxes	1,224	1,224
Prepaid expenses	842	882
Total current assets	311,307	188,560
Property, plant and equipment, net	38,826	38,741
Notes receivable	3,161	3,081
Long term investments	-	94,243
Other assets	25,880	23,975
Deferred income taxes	3,104	4,867
Total assets	$382,278	$353,467

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 6,602	$ 5,921
Accrued payroll expenses	4,611	5,953
Other	5,495	5,092
Total current liabilities	16,708	16,966
Accrued postretirement benefits	20,356	19,198
Other long term liabilities	4,190	4,190
	24,546	23,388
Commitments and contingencies	-	-
Shareholders' equity:		
Common stock, $1.00 par value, authorized 3,000,000 shares; 1,926,414 shares issued and outstanding	1,926	1,926
Additional paid-in capital	16,491	16,359
Retained earnings	335,933	311,153
Unearned ESOP shares	(13,326)	(13,679)
Accumulated other comprehensive income	-	(2,646)
Total shareholders' equity	341,024	313,113
Total liabilities and shareholders' equity	$382,278	$353,467

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine months ended March 31, 2001	2000
Cash flows from operating activities:		
Net income	$ 29,201	$ 26,768
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Cumulative effect of accounting change	310	-
Depreciation	4,092	4,240
Deferred income taxes	1,763	-
(Gain) loss on sales of assets	(99)	678
ESOP contribution expense	875	-
Net loss on investments	645	450
Net unrealized loss on investments reclassified as trading	2,337	-
Change in assets and liabilities:		
Investments classified as trading	(41,743)	-
Accounts and notes receivable	1,534	(393)
Inventories	1,164	(1,505)
Income tax receivable	-	249
Prepaid expenses and other assets	(1,906)	(1,794)
Accounts payable	681	1,869
Accrued payroll and expenses and other liabilities	(939)	1,967
Other long term liabilities	1,158	1,132
Total adjustments	(30,128)	6,893
Net cash (used in) provided by operating activities	($927)	$33,661

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)
(Unaudited)

	For the nine months ended March 31, 2001	2000
Net cash (used in) provided by operating activities:	($927)	$ 33,661
Cash flows from investing activities:		

Purchases of property, plant and equipment	(4,205)	(11,138)
Proceeds from sales of property, plant and equipment	167	700
Purchases of investments	-	(224,639)
Proceeds from sales of investments	-	224,037
Notes issued	(78)	-
Notes repaid	280	101
Net cash used in investing activities	(3,836)	(10,939)
Cash flows from financing activities:		
Dividends paid	(4,421)	(4,197)
Purchase of common stock	-	(3,962)
ESOP loan	(390)	-
Net cash (used in) financing activities	(4,811)	(8,159)
Net (decrease) increase in cash and cash equivalents	(9,574)	14,563
Cash and cash equivalents at beginning of period	15,504	4,403
Cash and cash equivalents at end of period	$ 5,930	$ 18,966
Supplemental disclosure of cash flow information:		
Income tax payments	$18,459	$ 15,085

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements (Unaudited)

Note 1. Unaudited Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. It is our opinion that all adjustments of a normal recurring nature necessary for a fair statement of the results of operations for the interim periods have been made.

The results of operations in the nine month period ended March 31, 2001 are not necessarily indicative of the results that may be expected in the fiscal year ending June 30, 2001.

Note 2. Summary Significant Accounting Policies

Derivatives

In June 1998 the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by Statements 137 and 138. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. The adoption of Statement No. 133, as amended, on July 1, 2000, resulted in a cumulative effect of an accounting change of $515,000 being recognized in the Statement of Net Income, net of taxes, and a corresponding credit in other comprehensive income.

The Company purchases various derivative instruments as investments or to create natural economic hedges of its interest rate risk and commodity price risk. At March 31, 2001 derivative instruments are not designated as accounting hedges as defined by Statement 133. The fair value of derivative instruments is based upon broker quotes.

Investments, consisting of marketable debt and equity securities and money market instruments, are held for trading purposes and are stated at fair value. Gains and losses, both realized and unrealized, are included in other income and expense.

Note 3 Investments

On July 1, 2000 the Company transferred all of its investments classified as "available for sale" at June 30, 2000 into the "trading" category. Accordingly, the Company recognized the accumulated unrealized loss of $3,894,000 in the consolidated statement of net income for the period ended September 30, 2000 as other income and a corresponding amount in other comprehensive income for the period ended September 30, 2000.

The following is a summary of trading investments at March 31, 2001.

(In thousands)	Fair Value
Corporate debt	$100,021
U.S. Treasury obligations	37,307
U.S. Agency obligations	57,683
Preferred stock	45,653
Other fixed income	8,010
Futures, options and other and derivative investments	1,013
	$249,687

Net unrealized holding gains on trading securities included in earnings is $402,000 at March 31, 2001.

Note 4. Inventories

(In thousands)	Processed	Unprocessed	Total
March 31, 2001			
Coffee	$ 3,917	$ 9,334	$13,251
Allied products	12,305	4,380	16,685
Coffee brewing equipment	1,865	3,805	5,670
	$18,087	$17,519	$35,606
June 30, 2000			
Coffee	$ 4,007	$ 9,239	$13,246
Allied products	11,922	5,210	17,132
Coffee brewing equipment	2,034	4,358	6,392
	$17,963	$18,807	$36,770

Interim LIFO Calculations

An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many forces beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

Note 5. Employee Stock Ownership Plan

During the three month and nine month periods ended March 31, 2001 the Company charged $281,000 and $815,000, respectively, to compensation expense related to the ESOP. The difference between cost and fair market value of committed to be released shares is recorded as additional paid-in capital.

The ESOP shares as of March 31, 2001 are as follows:

Allocated shares	5,858
Committed to be released shares	1,481
Unallocated shares	81,436
Total ESOP shares	88,775

Note 6. Comprehensive Income

(In thousands)	For the three months ended March 31,		For the nine months ended March 31,	
	2001	2000	2001	2000

Net income	$ 9,793	$10,364	$29,201	$26,768
Unrealized investment gains (losses), net	-	(445)	2,646	(1,837)
Total comprehensive income	$ 9,793	$ 9,919	$31,847	$24,931

Item 2. Management's Discussion and Analysis

Financial Condition

There have been no material changes in the Company's financial condition since the year ended June 30, 2000. On July 1, 2000 the Company transferred all of its investments classified as "available for sale" at June 30, 2000 into the "trading" category. As a result there is in an increase in current assets and working capital which now include assets previously classified as "non-current".

	March 31, 2001	June 30, 2000
Current assets	$311,307	$188,560
Current liabilities	16,708	16,966
Working capital	294,599	171,594
Quick ratio	16.30:1	8.74:1
Total assets	$382,278	$353,467

Results of Operations

Net sales for the third quarter of fiscal 2001 decreased 2.7% to $54,814,000 as compared to $56,354,000 in the same quarter of fiscal 2000 and 0.7% as compared to $55,207,000 in the same quarter of fiscal 1999. Net sales for the nine months of fiscal 2001 declined 0.7% to $164,624,000 as compared to $165,725,000 in the same period of the prior fiscal year. Although sales of allied products have grown, continued decreases in the sales volume of roast coffee result in an overall decrease in sales. Volatility in the green coffee market and a general decline in the cost of green coffee in the current fiscal year has allowed us to maintain strong profit margins on coffee products. Gross profit in the most recent quarter decreased 4.7% to $36,413,000 as compared to $38,230,000 in the same quarter of fiscal 2000 and increased 3.5% as compared to $35,153,000 in the same quarter of fiscal 1999. Gross profit for fiscal 2001 to date increased 3.3% to $107,347,000, or 65.2% of sales, as compared to $103,903,000, or 62.7% of sales, in the same period of fiscal 2000.

Operating expenses, consisting of selling and general and administrative expenses, increased 0.9% to $24,531,000 in the third quarter of fiscal 2001, as compared to $24,317,000 in the same quarter of fiscal 2000, and increased 6.6% as compared to $23,009,000 in the same quarter of fiscal 1999. Operating expenses for the first nine months of the current fiscal year increased 3.7% to $71,243,000 from $68,682,000 in the same period of the 1999 fiscal year, and 7.0% as compared to $66,553,000 in the same period of fiscal 1999. The increases are primarily compensation related, with higher product delivery costs (including the cost of gasoline and diesel) and increased coffee brewing equipment expenses.

Other income for the quarter ended March 31, 2001 increased 20.4% to $4,305,000 as compared to $3,576,000 in the same quarter of the prior fiscal year, and increased 31.9% to $12,675,000 in the first three quarters of fiscal 2001 as compared to $9,608,000 in the same period of the prior fiscal year. Higher interest rates during the first two quarters of the current fiscal year resulted in favorable comparisons with the prior year.

On July 1, 2000 we adopted the Financial Accounting Standards Board (FASB) Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by Statements 137 and 138. The statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not designated as hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The adoption of Statement No. 133 and 138 on July 1, 2000 resulted in $3,894,000 recognized in "Other expense," and $515,000 recognized as the "Cumulative effect of accounting change", adjusted for income taxes. The after tax cumulative effect adjustment of $310,000 represents approximately $0.17 per share.

Net income for the third quarter of fiscal 2001 reached $9,793,000, or $5.32 per share, as compared to $10,364,000, or $5.60 per share, in the third quarter of fiscal 2000 and $9,159,000, or $4.83 per share, in the same quarter of fiscal 1999. Net income for the first nine months of fiscal 2001 increased 9.1% to $29,201,000, or $15.85 per share, as compared to $26,768,000 or $14.37 per share in fiscal 2000.

Quarterly Summary of Results
(In thousands of dollars)

	03/31/00	06/30/00	09/30/00	12/31/00	03/31/01
Net sales	56,354	52,963	52,015	57,795	54,814
Gross profit	38,230	37,816	32,303	38,631	36,413
Operating income	13,913	13,744	9,458	14,764	11,882
Net income	10,364	10,808	7,601	11,807	9,793

As a percentage of sales

	03/31/00	06/30/00	09/30/00	12/31/00	03/31/01
Net sales	100.00	100.00	100.00	100.00	100.00
Gross profit	67.84	71.40	62.10	66.84	66.43
Operating income	24.69	25.95	18.18	25.55	21.68
Net income	18.39	20.41	14.61	20.43	17.87

In dollars

	03/31/00	06/30/00	09/30/00	12/31/00	03/31/01
Net income per share	5.60	5.85	4.13	6.40	5.32

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Financial Markets

Our portfolio of investment grade money market instruments includes bankers acceptances, discount commercial paper, medium term notes and federal agency and treasury securities. As of March 31, 2001, over 75% of these funds were invested in instruments with maturities shorter than one hundred eighty days. The portfolio's interest rate risk is not hedged. Its average maturity is approximately 130 days and a 100 basis point move in the Fed Funds Rate is illustrated in the following table.

Interest Rate Changes
(In thousands)

	Market Value of March 31, 2001 Fixed Income Investments	Change in Market Value of Fixed Income Investments
- -100 b.p.	$205,053	$2,032
unchanged	203,021	-
+100 b.p.	200,989	(2,032)

We are exposed to market value risk arising from changes in interest rates on our portfolio of preferred stock. We review the interest rate sensitivity of these securities and (a) enter into "short positions" in futures contracts on U.S. Treasury securities or (b) hold put options on such futures contracts in order to reduce the impact of certain interest rate changes on such preferred stock. Specifically, we attempt to manage the risk arising from changes in the general level of interest rates.

The following table demonstrates the impact of varying interest rate changes based on the preferred stock holdings, futures and options positions, and market yield and price relationships at March 31, 2001. This table is predicated on an instantaneous change in the general level of interest rates and assumes predictable relationships between the prices of preferred stock holdings, the yields on U.S. Treasury securities, and related futures and options.

Interest Rate Changes
(In thousands)

	Market Value of March 31, 2001			Change in Market
	Preferred Stock	Futures & Options	Total Portfolio	Value of Total Portfolio
- -200 Basis points ("b.p.")	$52,253.8	$0.0	$52,253.8	$5,645.1
- -100 b.p.	49,373.1	16.5	49,389.6	2,780.9
Unchanged	45,653.0	955.7	46,608.7	-
+100 b.p.	41,800.2	4,622.3	46,422.5	(186.2)
+200 b.p.	38,187.9	8,087.3	46,275.2	(333.5)

The number and type of future and option contracts entered into depends on, among other items, the specific maturity and issuer redemption provisions for each preferred stock held, the slope of the Treasury yield curve, the expected volatility of Treasury yields, and the costs of using futures and/or options. At March 31, 2001 and 2000 the derivatives consisted entirely of put options on a U.S. Treasury Bond futures contract.

Commodity Price Changes

We are exposed to commodity price risk arising from changes in the market price of green coffee. We price our inventory on the LIFO basis. In the normal course of business, we enter into commodity purchase agreements with suppliers and we purchase green coffee contracts.

The following table demonstrates the impact of changes in the price of green coffee on inventory and green coffee contracts at March 31, 2001. It assumes an immediate change in the price of green coffee, and the valuations of coffee index futures and put options and relevant commodity purchase agreements at March 31, 2001.

Commodity Risk Disclosure
(In thousands)

Coffee Cost Change	Coffee Inventory	Market Value of March 31, 2001 Futures & Options	Totals	Change in Market Value Derivatives	Inventory
- -10%	$11,926	$102	$12,028	$45	($1,325)
unchanged	13,251	57	13,308	-	-
+10%	14,576	12	14,588	(45)	1,325

At March 31, 2001 the derivatives consisted mainly of commodity futures with maturities shorter than three months.

PART II OTHER INFORMATION

Item 1. Legal proceedings. not applicable.

Item 2. Change in securities. none.

Item 3. Defaults upon senior securities. none.

Item 4. Submission of matters to a vote of security holders. none

Item 5. Other information. none.

Item 6. Exhibits and reports on Form 8-K.
(a) Exhibits.

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession. not applicable.
(4) Instruments defining the rights of security holders, including identures. not applicable.

(11) Statement re computations of per share earnings. not applicable.

(15) Letter re unaudited interim financial information. not applicable.

(18) Letter re change in accounting principles. not applicable.

(19) Report furnished to security holders. not applicable.

(22) Published report regarding matters submitted to vote of security holders. not applicable.

(23) Consents of experts and counsel. not applicable.

(24) Power of attorney. not applicable.

(27) Financial Data Schedule. See attached Form Ex-27.

(99) Additional exhibits. not applicable.

(b) Reports on Form 8-K. not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 10, 2001

FARMER BROS. CO.

/s/ John E. Simmons

Treasurer and
Chief Financial Officer